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EXECUTIVE SUMMARY

- Several factors in the external environment have a significant impact on the field of construction in general and on the Registrar of Contractors' ability to carry out its mission.
 - For more than 10 years, our state's population has been the second fastest-growing in the nation. As Arizona's population grows and construction projects increase, so does the demand for such ROCprovided services as contractor licensing, work inspection, and investigation of consumer complaints.
 - 2. A slowdown in the Arizona economy does not necessarily reduce the Registrar of Contractors' workload; in fact, it may have the opposite effect. When construction business slows, workers are laid off. Many of these workers decide to go into business for themselves. Those who do so legally produce a higher-than-average number of license applications to be reviewed, while those who opt for the illegal route typically engender a higher-than-normal number of homeowner complaints to be investigated as well as civil or criminal actions to be pursued against them.
 - 3. Salaries for ROC employees particularly those for such highly skilled classifications as investigators and inspectors are not competitive with those offered by private sector employers, making recruitment and retention extremely difficult.
- The agency has identified four strategic issues critical to accomplishing its mission of promoting quality construction by Arizona contractors through a licensing and regulatory system designed to protect the health, safety, and welfare of the public. These strategic issues are:
 - 1. Efficient delivery of services

Primary focus: Continued streamlining and simplification of laborintensive and lengthy operational processes

2. Technology resources

Primary focus: Implementation plan for replacing the agency's 30-year-

old information technology (IT) and communication

systems

3. Business continuity plan (BCP)

Primary focus: Review, update, and continued maintenance of the agency's BCP to facilitate the agency's ability to recover from disaster or emergency conditions and provide critical services to the public, including needed enhancement of technology to allow ROC staff to provide these services

from any location.

4. Human resources management

Primary focus: Implementation of a human resources plan directed at

recruitment and retention of employees with the skills, ability, and motivation to provide timely, professional service to contractors, homeowners, and other agency

stakeholders.



OVERVIEW - DESCRIPTION AND HISTORY

The Arizona State Registrar of Contractors (ROC) was established as a regulatory agency in 1931 by the state legislature and charged with: (1) licensing construction contractors who work in Arizona, (2) enforcing Arizona laws pertaining to contractors, and (3) resolving consumer complaints regarding work performed or agreed to by Arizona contractors.

To protect the health, safety, and welfare of the public, the ROC strives to ensure that construction is performed in a safe, competent, and professional manner by:

- Performing a substantive review of each applicant's qualifications for licensure to ensure that licenses are issued only to qualified contractors.
- Enforcing the laws, regulations, and standards governing construction contracting in a fair and uniform manner.
- Investigating complaints against licensed and unlicensed contractors, including issuing citations, suspending or revoking licenses, and seeking administrative, criminal, and/or civil sanctions against violators when appropriate.
- Providing resolution to disputes that arise from construction activities.
- Administering the Residential Contractors' Recovery Fund for homeowners' claims against licensed contractors.
- Assisting contractors in completing applications, renewing licenses, complying with ROC workmanship standards, and responding to customer complaints.
- Educating the public and licensed contractors regarding statutes, rules, policies, and operations of the agency to assist them in making informed decisions when engaging or performing contractor services.

Originally, licenses covered both residential and commercial work. Legislation effective in 1981 deregulated commercial work, while residential work remained regulated. Subsequent legislation, effective in 1987, changed the licensing statute to again regulate commercial work and added a requirement for separate licenses for residential and commercial work. In 1998, a dual license category was added. Currently, the ROC oversees 238 specific license classifications within the three categories of commercial, residential, and dual licenses.

The Registrar of Contractors is a self-funded "90/10" agency, meaning that 90 percent of the license fees collected is reserved for agency operations and the remaining 10 percent is deposited in the State General Fund.



MISSION, VISION, VALUES

Mission

To promote quality construction by Arizona contractors through a licensing and regulatory system designed to protect the health, safety, and welfare of the public.

Vision

We believe that Arizona residents and visitors are entitled to live, work, engage in leisure activity, and transact business in safe and structurally sound facilities that positively impact the Arizona economy and lifestyle.

We believe that a fair and competitive marketplace for consumers and contractors encourages construction of such facilities.

We further believe that these same principles of fairness and competitiveness also apply to the labor market, and that the ROC mission and vision are best served when our employees derive the benefits of such a marketplace, including competitive wages and financial reward for superior achievement.

Values

In support of this vision, the management and staff of the Arizona State Registrar of Contractors strive to create a marketplace in which:

- Contractors possess the necessary knowledge, skills, and abilities to provide professional service to the public.
- Consumers possess or can easily obtain information needed to make informed decisions when engaging contractors.
- Contractors have the information needed to practice competently, the desire to practice honestly, and the knowledge that complaints about their work will be evaluated impartially.
- Consumers have access to redress, as defined by statute, if they are harmed by contractors.
- Contractors and consumers feel confident that cases of disagreement will be examined by a highly competent professional who is knowledgeable about the construction industry as well as the applicable laws, and aims to resolve the matter in a timely manner that is equitable to both parties. Likewise, cases involving unlicensed contractors will be examined by an equally knowledgeable professional.
- The employees of the ROC are recognized and rewarded for their particular expertise as well as the length and quality of their service, thereby enhancing their professionalism and commitment to achievement of the agency's goals.



ROC EXTERNAL ENVIRONMENT

In developing this Strategic Plan, the Registrar of Contractors first examined external factors that have a significant impact on the field of construction in general and on the agency's ability to carry out its mission.

Arizona Population Growth

For more than ten years, Arizona's population has been the second fastest-growing in the nation, and this trend is expected to continue. In 2000, Arizona's population numbered just over 5 million, ranking it 20th nationwide; by 2030, our population is expected to double to just short of 11 million, placing it 10th nationwide.(1)

The dominant factor behind this growth in population is migration – people relocating to Arizona. Last year, Arizona's population grew by 3.4% – a net increase of approximately 200,000 new residents – and the homebuilding industry added nearly 86,000 new housing units, a record high.(2) In recent years, construction jobs have accounted for one-fourth of total job growth; from July 2005 to July 2006, nearly 24,000 new construction jobs were added.(3) Projected growth in construction industry employment is 19% – or 40,000 jobs – through 2013.(4)

As Arizona's population grows and construction projects increase, so do the associated demands for inspections, investigations, and licensing. The agency can take steps now to improve its operating efficiency by continuing to streamline policies and procedures, upgrading its technology and communication systems, and assuring adequate levels and allocation of human resources to meet growing demands for its services.

Arizona Economy

Somewhat unique to the construction industry is the fact that a slowdown in construction does not necessarily reduce the Registrar of Contractors' workload; in fact, it may have the opposite effect. When construction business slows, workers are laid off. Many of these workers decide to go into business for themselves – most of them legally, but some illegally. Those who do so legally apply for contractor licenses, resulting in higher-than-normal numbers of applications to be reviewed and, typically, in the number of applicants who require agency assistance during the application process. Others choose to do business without a contractor's license, often because they are not qualified to obtain one. These individuals frequently become the subjects of ROC investigations resulting from customer complaints and/or discovery of their non-licensure, further straining the agency's operational areas with the greatest shortfalls in personnel.



ROC EXTERNAL ENVIRONMENT (cont'd)

Arizona State Government Employees

As noted by the Governor in introducing the 2006-07 state budget, the dedication and commitment of State employees impact Arizona's citizens every hour of every day. As we work to foster the growth of business and employment opportunities throughout Arizona, we must also find ways to maintain the State's competitiveness as an employer. The Governor has already taken steps in this direction by signing into law House Bill 2661 authorizing a salary adjustment for state employees, which became effective March 2006.

For the Registrar of Contractors, it is particularly critical that the agency improve its ability to recruit highly skilled employees and reduce turnover in these skilled positions. Retention is critical because recruitment for these positions is particularly difficult due to inadequate salaries, which, in turn, contribute to an ongoing shortage of applicants.

Approximately ten years ago, the State offered agencies the opportunity to implement plans designed to measure and reward performance, and the Registrar of Contractors instituted a Performance Incentive Pay (PIP) program for its employees. The overall plan as well as the budgetary allocation for distributions under the PIP program are approved by the Arizona Department of Administration. However, the performance measures established for this program require updating.

Additionally, the agency urgently needs to upgrade its 30-year-old Information Technology (IT) and communication systems to facilitate data sharing with the public, with other State agencies and departments, and within the agency.



STRATEGIC ISSUES

Strategic Issue 1 – Efficient Delivery of Services

Current agency procedures for processing complaints and providing financial restitution through the Recovery Fund are labor-intensive and lengthy in duration. To the extent possible under statute, and with respect for the legal requirements to ensure due process, the agency will identify and implement ways to streamline and simplify these operational processes to serve the public in a more timely manner.

Strategic Issue 2 – Technology Resources

Based on the ROC's recently completed business technology assessment, the agency will develop an implementation plan to replace its 30-year-old information technology (IT) and communication systems, providing opportunities for reengineering appropriate business processes throughout all areas of the agency. Implementation and integration of these systems will provide faster, more efficient customer service to the public as well as enhance staff efficiency by reducing duplication of effort and shortening time spent on various data-gathering and verification tasks.

Strategic Issue 3 – Business Continuity Plan

In the event of emergency or disaster conditions resulting from natural, technological, or human-caused conditions, it is likely that the recovery period will involve a massive effort to construct and rehabilitate buildings and infrastructure. It is therefore critical that the ROC review, update, and continue to maintain its Business Continuity Plan (BCP) to ensure that it will facilitate that effort, including having the appropriate technology to enable ROC employees to work, communicate with individuals inside and outside the agency, and access ROC data from a variety of alternative remote locations if necessary.

Strategic Issue 4 - Human Resources Management

In light of the continued population growth and corollary construction needs predicted for Arizona well beyond the scope of this Strategic Plan, the agency will develop a human resources plan directed at recruitment and retention of employees with the skills, ability, and motivation to provide timely, professional service to our stakeholders statewide. Components of a strategically successful human resources plan for the ROC include, but are not limited to, the following: adequate staffing levels in the Phoenix, regional, and field offices; optimal organization structure and staff reporting relationships; effective internal communication processes; a competitive and equitable compensation program; and performance measures reflecting current department and program goals in support of the agency's mission.



ADDRESSING STRATEGIC ISSUES

Strategic Issue #1- Efficient Delivery of Services

Current agency procedures for processing complaints and providing financial restitution through the Recovery Fund are labor-intensive and lengthy in duration. To the extent possible under statute, and with respect for the legal requirements to ensure due process, the agency will identify and implement ways to streamline and simplify these operational processes to serve the public in a more timely manner.

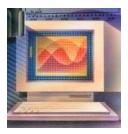
Goal

Maintain high level and quality of service to all stakeholder groups in the face of increased demand generated by rapid and extended growth in population and construction statewide.

Performance Measures

- 1. Decreased start-to-finish times for processing of complaints and Recovery Fund claims.
- 2. Increase in contractor usage of online services provided by agency.
- 3. Customer survey results showing that:
 - (a) In a majority of complaint cases resolved without an Administrative Hearing, both parties express satisfaction with the result.
 - (b) A majority of participants in the complaint process express satisfaction with their treatment by ROC staff, regardless of the disposition of their case.

- 1. Complete the staff reorganization currently under way.
- 2. Assess the agency's organization structure with regard to alignment of field offices (reporting relationships, etc.).
- 3. Assess population growth trends statewide to identify the areas likely to experience increased demand for ROC services and determine the optimal field office locations to provide satisfactory customer service throughout the state.
- 4. Survey consumers and the contractor community to evaluate the agency's performance and provide input for better customer service.



Strategic Issue #2 - Technology Resources

Based on the ROC's recently completed business technology assessment, the agency will develop an implementation plan to replace its 30-year-old information technology (IT) and communication systems.

The IT upgrade is necessary to migrate ROC's data system from its technologically primitive COBOL environment to a state-of-the-art model that facilitates the generation of complex reports, the sharing of data with other agencies and organizations, and the operational processes involved in the agency's multi-faceted license management system as well as its financial management system. The communication system upgrade is necessary to implement a telephone system with Interactive Voice Response (IVR) that will interface with the new license management system. Implementation and integration of these systems will provide faster, more efficient customer service to the public, as well as enhance staff efficiency by reducing duplication of effort and shortening time spent on various data-gathering and verification tasks.

It is important to note that the technology will not dictate the manner in which the ROC business is conducted. However, to most effectively fulfill the ROC's business objectives in light of the technology directions being considered, all business processes must be re-examined.

Goal

Improve internal operational efficiency; enable timely generation of reports, electronic sharing of data, and exchange of information with other State agencies and departments; support the agency's "Disaster Recovery Planning for IT" portion of the Business Continuity Plan; and serve the public in a timely and professional manner appropriate for a public service agency.

Performance Measures

- 1. Physical and/or functional replacement of antiquated hardware/software.
- 2. Reduced time spent on repetitive and/or manual tasks in the licensing, renewal, complaint processing, and Recovery Fund claim processes.
- Elimination of labor-intensive programming typically required for the existing system to generate reports or share data with other State agencies and departments.

- 1. Based on findings from the ROC's recently completed business technology assessment, develop an implementation plan for a holistic technology solution for the agency's business processes and services.
- 2. Assess field office needs to identify those that can be met with technology solutions.
- 3. Continue to work with the Government Information Technology Agency (GITA) and the Information Technology Advisory Council (ITAC) in obtaining approval for the technology improvements being sought.
- 4. Work with the state legislature to obtain appropriations for the ROC's technology solution from ROC funds.
- 5. Develop a new license management system including issuance, renewal, complaint processing, and Recovery Fund claim processing and financial management system that enable integration with newer technologies and applications used by other State agencies.
- Obtain and implement a new telephone system with integrated Interactive Voice Response (IVR) that will interface with the new license management system.
- 7. Plan for eventual outsourcing of system maintenance, wherever practicable, to ensure that responsibilities are handled by the most experienced, best qualified people without being subject to the personnel turnover particularly common in the technology industry.
- 8. Identify appropriate locations statewide for installation of Internet-centric kiosks providing direct online access to the agency's services and/or information center, in order to extend the option for online customer service to those members of the public with limited or no access to the Internet.



Strategic Issue #3 - Business Continuity Plan

In the event of emergency or disaster conditions resulting from natural, technological, or human-caused conditions, it is likely that the recovery period will involve a massive effort to construct and rehabilitate buildings and infrastructure. It is therefore critical that the ROC review, update, and continue to maintain its Business Continuity Plan (BCP) to ensure that it will facilitate that effort, including having the appropriate technology to enable ROC employees to work, communicate with individuals inside and outside the agency, and access ROC data from a variety of alternative remote locations if necessary.

Goal

In case of emergency or disaster conditions, limit injuries to staff, protect the public in and around the ROC facilities statewide, reduce property damage, and restore resources and services necessary to operate the agency's critical, essential, and administrative business functions provided to the public.

Performance Measures

- 1. Distribution of the updated BCP to all employees via staff meetings or other forums providing opportunities for discussion and questions.
- 2. Quarterly review and updating of the BCP as necessary for accuracy.
- 3. Preparation of Emergency Response and Evacuation Plans and Test Schedule.

- 1. Review the agency's current BCP for adherence to DEMA guidelines and inclusion of required elements such as an introduction, basic plan, and functional annexes and revise as necessary.
- Monitor and document progress in addressing the agency's strategic issue of technology resources and the impact on Disaster Recovery Planning (DRP) for Information Technology.
- 3. Enhance the agency's technology for remote access, a critical factor during the recovery phase because it allows staff to work from any location.
- 4. Develop and implement schedules to keep employees informed about changes in the BCP and ensure that they are well practiced in carrying out emergency procedures.



Strategic Issue #4 - Human Resources Management

In light of the continued population growth and corollary construction needs predicted for Arizona well beyond the scope of this Strategic Plan, the agency will develop a human resources plan directed at recruitment and retention of employees with the skills, ability, and motivation to provide timely, professional service to our stakeholders statewide. Components of a strategically successful human resources plan for the ROC include, but are not limited to, the following: adequate staffing levels in the Phoenix, regional, and field offices; optimal organization structure and staff reporting relationships; effective internal communication processes; a competitive and equitable compensation program; and performance measures reflecting current department and program goals in support of the agency's mission.

Goal

Recruit, develop, and retain a skilled, competent, and motivated staff with the ability and desire to serve the agency's various stakeholders, including protecting the public from harm by unscrupulous contractors.

Performance Measures

- 1. Reduced personnel turnover in all positions.
- 2. Updating of baseline data and corresponding goals used in agency's Performance Incentive Pay (PIP) program.
- 3. Measurable job performance improvement over specified increments of time.

- 1. Review current human resource policy documentation and compile an up-todate policy manual for supervisory and non-supervisory employees.
- 2. Update the baseline data used to establish goals and measure performance under the PIP program.
- 3. Work with the Arizona Department of Administration to secure approval for the revised PIP program.
- 4. Implement an employee development program to accommodate and encourage a variety of employee career paths.

- 5. Revise current recruiting salaries to compare with those in all sectors.
- 6. Review the agency's internal communication processes and their impact on the agency's overall effectiveness and efficiency.
- 7. Conduct an employee survey and/or focus groups to identify and examine contributing factors to turnover, job dissatisfaction, etc.
- 8. Develop additional innovative, non-salary-related "benefits" of working for the ROC, such as expanded flexible scheduling, job sharing, in-house training for ROC positions, job rotation opportunities, etc.

Strategic Issue 1 – Efficient Delivery of Services

Current agency procedures for processing complaints and providing financial restitution through the Recovery Fund are labor-intensive and lengthy in duration. To the extent possible under statute, and with respect for the legal requirements to ensure due process, the agency will identify and implement ways to streamline and simplify these operational processes to serve the public in a more timely manner.

	FY08	FY09	FY10	FY11	FY12
Full Time Equivalent (FTE)					
General Fund					
Other Appropriated Fund					
Non- Appropriated Fund					
Federal Funds					
TOTAL FUNDS ISSUE #1					

Strategic Issue 2 – Technology Resources

Based on the ROC's recently completed business technology assessment, the agency will develop an implementation plan to replace its 30-year-old information technology (IT) and communication systems.

	FY08	FY09	FY10	FY11	FY12
Full Time Equivalent (FTE)					
General Fund					
Other Appropriated Fund					
Non- Appropriated Fund					
Federal Funds					
TOTAL FUNDS ISSUE #2					

Strategic Issue #3 -Business Continuity Plan

In the event of emergency or disaster conditions resulting from natural, technological, or human-caused conditions, it is likely that the recovery period will involve a massive effort to construct and rehabilitate buildings and infrastructure. It is therefore critical that the ROC review, update, and continue to maintain its Business Continuity Plan (BCP) to ensure that it will facilitate that effort, including having the appropriate technology to enable ROC employees to work, communicate with individuals inside and outside the agency, and access ROC data from a variety of alternative remote locations if necessary.

	FY08	FY09	FY10	FY11	FY12
Full Time Equivalent (FTE)					
General Fund					
Other Appropriated Fund					
Non- Appropriated Fund					
Federal Funds					
TOTAL FUNDS ISSUE #3					

Strategic Issue 4 - Human Resources Management

In light of the continued population growth and corollary construction needs predicted for Arizona well beyond the scope of this Strategic Plan, the agency will develop a human resources plan directed at recruitment and retention of employees with the skills, ability, and motivation to provide timely, professional service to our stakeholders statewide. Components of a strategically successful human resources plan for the ROC include, but are not limited to, the following: adequate staffing levels in the Phoenix, regional, and field offices; optimal organization structure and staff reporting relationships; effective internal communication processes; a competitive and equitable compensation program; and performance measures reflecting current department and program goals in support of the agency's mission.

	FY08	FY09	FY10	FY11	FY12
Full Time Equivalent (FTE)					
General Fund					
Other Appropriated Fund					
Non- Appropriated Fund					
Federal Funds					
TOTAL FUNDS ISSUE #4					

Agency Total for All Resource Assumptions

				<u> </u>	
	FY08	FY09	FY10	FY11	FY12
Full Time Equivalent (FTE)					
General Fund					
Other Appropriated Fund					
Non- Appropriated Fund					
Federal Funds					
AGENCY TOTAL FUNDS					

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